

MAINE WORKERS' COMPENSATION BOARD COMPLIANCE AUDIT REPORT

May 11, 2001

**RSKCO
Putnam Park
100 Great Meadows Road
Weathersfield, CT 06109-2353**

Claims Covered by Audit: Dates of Injury 1999

Companies Covered by Audit:

RSKCO Insurance Company NCCI# S382

Examination by:

Noreen Lyons, Auditor
Michael Nadeau, Auditor

Reviewed and Approved by:

Steven Minkowsky, D.D.B.A.

The results of the audit and the procedures followed have been explained to:

Name:

Ms. Helen Antao
Ms. Suzette Jardine
Ms. Sarah Stone

V.P. & Branch Claims Manager
Discussed needed corrections only

Date:

Various
Various

CONTENTS

Page Number

SUMMARY	3
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PENALTIES

A. Potential Penalties (payable to the Workers' Compensation Board)	5
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INDEMNITY BENEFITS

A. Prompt Initial Payment of Benefits	6
B. Prompt Subsequent Payment of Benefits	6
C. Accuracy of Average Weekly Wage	6
D. Accuracy of Weekly Benefit Rate	6

FORM FILING

A. First Report, WCB-1	7
B. Wage Statement, WCB-2	7
C. Schedule of Dependent(s), WCB-2A	7
D. Memorandum of Payment, (WCB-3)	7
E. Discontinuance or Modification of Compensation, WCB-4	7
F. Certificate of Discontinuance or Reduction of Compensation, WCB-8	8
G. Notice of Controversy, WCB-9	8
H. Statement of Compensation Paid, WCB-11	8

SUMMARY

The Audit Division of the Maine Workers' Compensation Board examined a randomly selected sample of claim files for the years audited (1999) to determine compliance with statutory and regulatory requirements in the following areas:

- Form filing
- Timeliness of indemnity payments
- Accuracy of indemnity payments

Our audit of the sample group revealed:

- There were sixty-seven claims audited. Forty-one were medical only claims, twenty-four were lost time claims and two were jurisdictions other than Maine.
- Initial Payments were required on four claims. Of these four claims, four initial payments were submitted timely.
- Five of the claims were required to have the average weekly wage (AWW) and benefit rate determined. Of these five, only one claim was calculated correctly. Three were calculated incorrectly and one was unknown, as there was not sufficient information to determine the AWW or rate.

RSKCO Insurance records were examined to ensure that all 1999 lost-time claims had been reported to the Workers' Compensation Board. Of the sixty-seven claims audited, twenty-four required WCB-1's to be filed. RSKCO filed seventeen. Seven were not reported to the Board at the time of the audit. RSKCO claims were found to be 70.833% compliant for First Report filings.

B. Maximum Penalties Allowed by Law

◆ 39-A M.R.S.A. Sec. 359(2)

"In addition to any other penalty assessment permitted under this Act, the board may assess civil penalties not to exceed \$10,000 upon finding, after hearing, that an employer, insurer or 3rd-party administrator for an employer has engaged in a pattern of questionable claims-handling techniques or repeated unreasonably contested claims. The board shall certify its findings to the Superintendent of Insurance, who shall take appropriate action so as to bring any such practices to a halt. This certification by the board is exempt from the provisions of the Maine Administrative Procedure Act."

◆ 39-A M.R.S.A. Sec. 360(1)(A)

"The board may assess a civil penalty not to exceed \$100 for each violation on any person: Who fails to file or complete any report or form required by this Act or rules adopted under this Act;"

➤ Eight (8) forms were filed late (\$800.00).

◆ 39-A M.R.S.A. Sec. 360(1)(B)

"The board may assess a civil penalty not to exceed \$100 for each violation on any person: Who fails to file or complete such a report or form within the time limits specified in this Act or rules adopted under this Act."

◆ 39-A M.R.S.A. Sec. 360(2)

"The board may assess, after hearing, a civil penalty in an amount not to exceed \$1,000 for an individual and \$10,000 for a corporation, partnership or other legal entity for any willful violation of this Act, fraud or intentional misrepresentation. The board may also require that person to repay any compensation received through a violation of this act, fraud or intentional misrepresentation or to pay any compensation withheld through a violation of this Act, fraud or misrepresentation, with interest at the rate of 10% per year.

INDEMNITY BENEFITS

A. Prompt Initial Payment of Benefits

			1999	
			Number	Percent
Check Mailed Within:				
0-14	Days	Compliant	4	100%
15-28	Days		0	0%
29+	Days		0	0%
Total Due			4	100%

B. Prompt Subsequent Payment of Benefits

			1999	
			Number	Percent
Check Mailed Within:				
0-7	Days	Compliant	16	94%
8-14	Days		1	6%
15+	Days		0	0%
Total Due			17	100%

C. Accuracy of Average Weekly Wage

			1999	
			Number	Percent
Calculated:				
Correct		Compliant	1	20%
Incorrect			3	60%
Unknown			1	20%
Total			5	100%

D. Accuracy of Weekly Benefit Rate

			1999	
			Number	Percent
Calculated:				
Correct		Compliant	1	20%
Incorrect			3	60%
Unknown			1	20%
Total			5	100%

FORM FILING

A. First Report (WCB-1)

		1999	
		Number	Percent
Received at the Board:			
Filed	Compliant	17	71%
Not Filed		7	29%
Total		24	100%

B. Wage Statement (WCB-2)

		1999	
		Number	Percent
Received at the Board:			
Filed	Compliant	3	43%
Not Filed		4	57%
Total		7	100%

C. Schedule of Dependent(s) Statement (WCB-2A)

		1999	
		Number	Percent
Filed	Compliant	1	14%
Not Filed		6	86%
Total		7	100%

D. Memorandum of Payment (WCB-3)

		1999	
		Number	Percent
Received at the Board:			
Filed	Compliant	5	83%
Not Filed		1	17%
Total		6	100%

E. Discontinuance or Modification (WCB-4)

		1999	
		Number	Percent
Received at the Board:			
Filed	Compliant	3	50%
Not Filed		3	50%
Total		6	100%

FORM FILING (Continued)

F. Certificate of Discontinuance or Reduction of Compensation (WCB-8)

1999

		Number	Percent
Received at the Board:			
Filed	Compliant	0	0%
Not Filed		1	100%
Total		1	100%

G. Notice of Controversy (WCB-9)

1999

		Number	Percent
Received at the Board:			
Filed	Compliant	6	100%
Not Filed		0	0%
Total		6	100%

H. Statement of Compensation Paid (WCB-11)

1999

		Number	Percent
Received at the Board:			
Filed	Compliant	1	16%
Not Filed		5	84%
Total		6	100%